

NEW YORK CITY WATER AND WASTEWATER RATE REPORT

Proposed Rates to Take Effect July 1, 2025

May 2025

NEW YORK CITY
**WATER
BOARD**

The New York City Water Board (the “Board”) has prepared this information booklet to inform the public about a rate proposal that would take effect on July 1, 2025 and to provide information on the financial condition of the water and wastewater system (the “System”).

New York City’s System is among the largest in the world. The water supply system delivers one billion gallons of high quality drinking water every day to approximately 8.3 million people in New York City (the “City”) and approximately one million residents in the counties north of the City. The City’s fourteen Wastewater Resource Recovery Facilities (WRRFs) treat 1.2 billion gallons of wastewater daily. The City’s water and sewer infrastructure plays a critical role in promoting public health and the City’s economic vitality.

The City is a unique asset, constituting the largest urban center in the United States, and is a global destination for commerce, tourism, and diplomacy. Protecting the City’s water and wastewater infrastructure has been a key priority of successive Mayoral administrations. The Adams administration has continued that tradition since entering office in 2022, emphasizing environmentally sound and sustainable policies for the City’s infrastructure. The City’s water and wastewater system, like the City itself, is characterized by its large physical scale, as well as its composition consisting of thousands of unique, important, and distinct infrastructure assets.

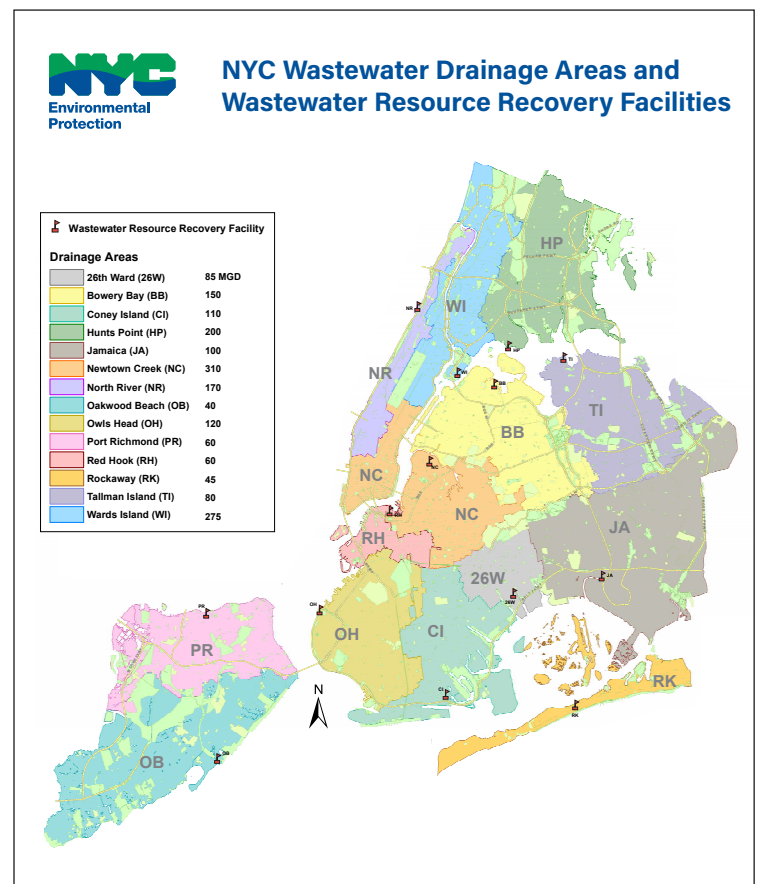
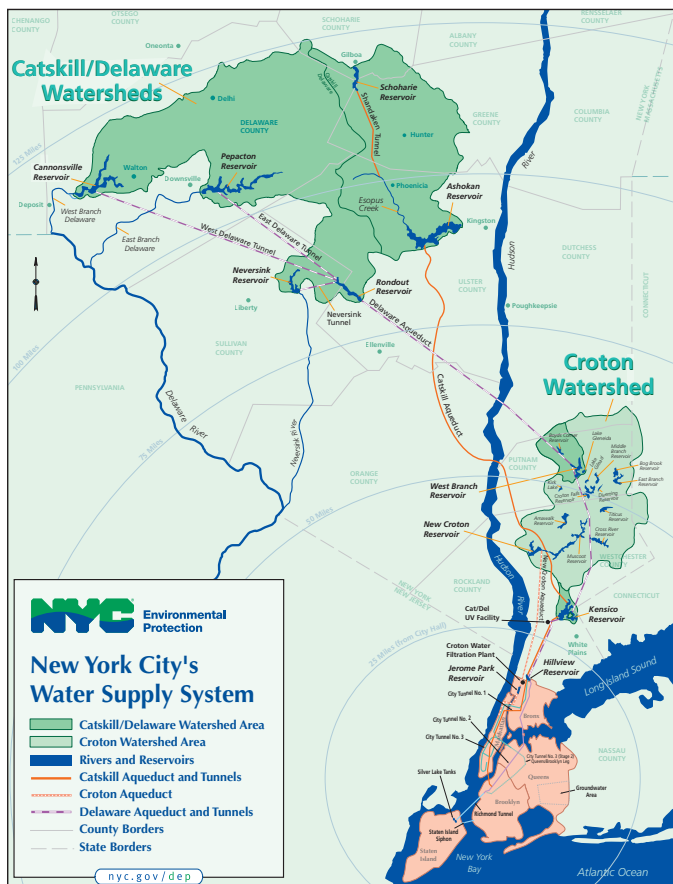
Revenue from rates charged for service covers the System’s capital and operating expenses. Most properties are charged a metered water rate based on consumption. Approximately 3% of accounts are billed on the basis of non-volumetric flat rates, billing programs that are available in most cases only after installing water efficiency improvements. Wastewater charges for meter-billed and flat-rate properties are assessed at 159% of water charges.

NEW YORK CITY WATER BOARD

The New York City Water Board’s mission is to establish rates for and distribute the collected revenues of the Water and Sewer System of the City of New York, proactively considering the optimal level to achieve efficient financing of the System’s infrastructure and sustainable provision of high-quality service at a fair price to our customers.

Water Board Members:

Alfonso L. Carney, Jr., Chair
Adam Freed
Jukay Hsu
Arlene M. Shaw
Daniel Zarrilli



WATER BOARD RATE ADOPTION PROCESS

- ▶ The Department of Environmental Protection, working in partnership with the City's Office of Management and Budget (OMB), projects the water system's operating and maintenance expenses, which OMB then certifies in an annual communication to the Board based on the Mayor's Executive Budget.
- ▶ The New York City Municipal Water Finance Authority projects debt service on bonds issued to finance water and wastewater capital projects and certifies the annual debt service to the Board.
- ▶ The system's consulting engineer certifies that the annual expenses and capital investment are reasonable and appropriate to maintain the viability of the system.
- ▶ The system's rate consultant certifies that revenues are sufficient to cover expenses, that the proposed rate structure will support the revenue requirement, and that the proposed policies will advance the Board's mission.
- ▶ The Board holds a public hearing in each borough of the City. (See schedule below.)
- ▶ At its Annual Meeting, the Board adopts an Annual Budget based on the estimated expenses that have been certified to it and adopts a rate. The Board must adopt a rate that will produce sufficient revenues to fund the estimated expenses, and is tasked with equitably and affordably allocating the cost of water and wastewater service across the City's large and diverse property base.

CALENDAR OF EVENTS LEADING UP TO THE START OF THE NEXT FISCAL YEAR

Event	Date	Location	Time
DEP rate proposal to Water Board at public meeting	Monday May 5	255 Greenwich St., 8th floor Manhattan	8:30 a.m.
Staten Island Public Hearing	Tuesday May 27	Bernikow JCC of Staten Island 1466 Manor Road, Staten Island	6:00 p.m.
Brooklyn Public Hearing	Tuesday May 28	Saint Francis College 179 Livingston Street, Brooklyn	6:00 p.m.
Queens Public Hearing	Thursday May 29	JFK Jr. School 57-12 94th Street, Elmhurst, Queens	6:00 p.m.
Bronx Public Hearing	Monday June 2	Mercy College 1200 Waters Place, Bronx	6:00 p.m.
Manhattan Public Hearing	Tuesday June 3	NYC OMB 255 Greenwich St., 8th floor Manhattan	2:00 p.m.
Water Board public meeting to vote on budget and final rate	Friday June 6	NYC OMB 255 Greenwich St., 8th floor Manhattan	8:30 a.m.

DEP INFRASTRUCTURE OVERVIEW AND FY 2025 UPDATES

GOWANUS CANAL COMBINED SEWER OVERFLOW TANK

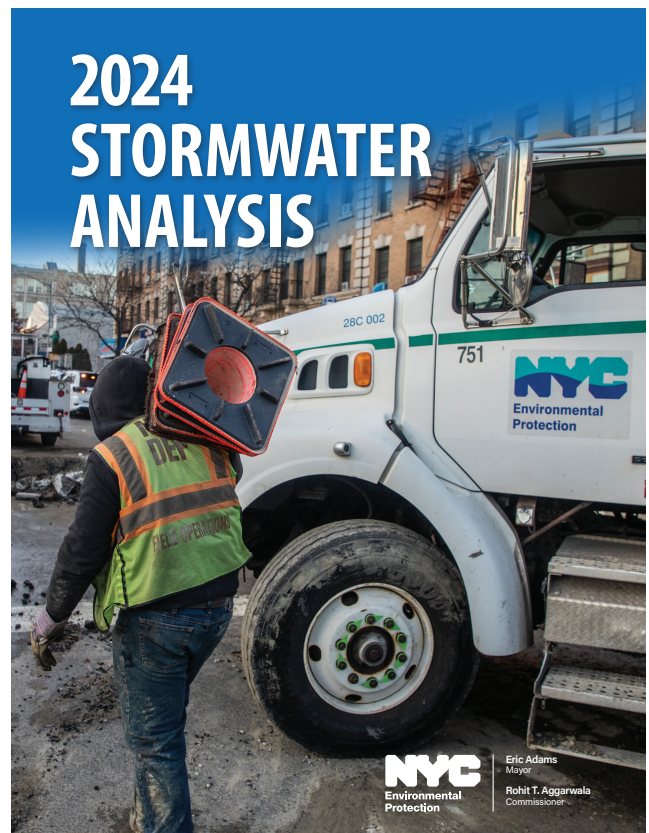
DEP completed a major phase of the \$1.6 billion Gowanus combined sewer overflow (“CSO”) tank construction six months ahead of schedule. Following the start of construction in March 2023, DEP followed an aggressive schedule agreed to in cooperation with the U.S. E.P.A., allowing the project to reach completion six months earlier than originally expected. The excavation work will allow for the installation of an 8-million-gallon underground tank designed to capture and store combined sewer overflows that would otherwise overflow into the Gowanus Canal during rainstorms. There were no odor or other quality of life complaints linked to the DEP work site during excavation. The next major phase of construction will begin May 2025 and continue through Summer 2026. Once work is complete, the combined sewer overflow tanks will be converted into 3.6 acres of public waterfront open space for the community.



Gowanus Canal CSO Tank Excavation

DEP'S PORTFOLIO APPROACH TO STORMWATER MANAGEMENT CONTINUES TO EMBRACE INNOVATION

DEP oversaw the development of a new hydraulic model that will allow the utility to maximize existing wastewater system capacity and enable the diversion of stormwater flows away from sections of the system with heavier stormwater flows. The newly-designed tool of NYC's sewer system is a digital tool that allows users to evaluate flooding solutions and provides support to our integrated planning efforts. These planning efforts help ensure DEP is executing impactful, cost-effective flooding solutions which maximize stormwater capture and community benefits. In addition, there is ongoing analysis of stormwater presence in the system that is underway, including stormwater master planning efforts and DEP's work with an outside rate consultant on final completion of a sustainable rate study.





Storm sewer construction, Brooklyn

SEWER SYSTEM UPGRADES IN BROOKLYN DESIGNED TO MITIGATE FLOODING RISK

DEP committed to complete expanded capital construction work in Brooklyn's Bushwick neighborhood, designed to address flooding issues and to provide homeowners with older service lines containing lead content with new, lead-free service lines. Starting with Knickerbocker Avenue, a \$390 million investment in the project will replace nearly three miles of sewers and upgrade all catch basins in the area. Upgrades will expand local sewer capacity in certain areas by 850% and reduce the risk of flooding across approximately 2,300 acres in Bushwick. DOT will also deliver a Vision Zero redesign of Knickerbocker Avenue to improve public safety. During the process, privately-owned water service lines which are found to contain lead will be replaced during construction at no cost to property owners. The project is an example of a strong partnership between DEP and the City's Department of Transportation. In keeping with the project's approach to include multiple objectives, nearly a mile of water mains will be upgraded during construction.

WATER LINE UPGRADES TO PROPERTY OWNER CONNECTIONS TO CITY WATER MAINS

DEP expanded its program of upgrading older water lateral line connections to connections manufactured from newer, lead-free material. The initial focus of the program is on lower-income neighborhoods in the Bronx and Queens, where DEP will be providing free service line replacements with newer material content. The replacement work is an example of the water and wastewater system working with outside government partners to achieve shared policy goals, with the replacement program receiving \$48 million in grants and interest-free loans from New York state and federal funding sources. As part of an initiative to think about lead lines on a system-wide basis, DEP has also submitted a comprehensive inventory of service lines located in the City to the New York State Department of Health. The inventory includes data such as the type of material, the location of the line, and the size of the pipe, and the information contained in the inventory is also available to the public through an interactive inventory map located online. Additionally, DEP provided notices with information about water line content to 250,000 customers this year with advice about the health impacts of lead, testing options, and what to do if a customer has a lead service line but cannot easily replace it.



AMR device being tested

ENHANCED CUSTOMER VISIBILITY AND REVENUE SUPPORT THROUGH UPGRADES TO METER AND TRANSMISSION ASSETS

DEP was an early adopter of using water meters as the basis for customer bills and in including wireless transmission assets as part of the City's approach to metering and billing. The use of an Automated Metering Reading ("AMR") network achieves several purposes, allowing customers to see their water usage over time and enabling the customer to choose to participate in DEP's proactive Leak Notification Program to help them save water and lower their bills, while also allowing the utility to receive timely information about water usage throughout the distribution system. An initiative to upgrade 600,000 AMR devices and 325,000 meters through a multi-year cycle of upgrades is commencing, with \$41 million of spending to commence the project budgeted for Fiscal Years 2025 and 2026.

DEP AND THE CITY RESPONDED DECISIVELY TO DROUGHT CONDITIONS DURING 2024 AND 2025

The City faced unusually low precipitation during the final months of 2024, resulting in the City's water supply system facing drought conditions between November 2024 and January 2025 for the first time in over twenty years. The City's water supply remained well-supplied with the existing stock of water available in the system's reservoirs, although reservoir levels were lower than typical for the time of the year, due to the low level of precipitation. DEP responded quickly to the drought conditions during its progressive drought watch and drought warning phases, launching a public engagement campaign to alert the public about the drought and to encourage water conservation. While the drought conditions were in effect, construction activity and reservoir management were adjusted to accommodate changing conditions. DEP is reassessing its drought response plans to incorporate lessons learned around interagency coordination and to ensure going forward that the agency is well-positioned to respond to future drought conditions, should they emerge again.

WATER QUALITY

DEP is committed to maintaining high quality drinking water. Water quality monitoring in the City exceeds both New York State and U.S. Environmental Protection Agency (U.S. EPA) standards. There are 1,000 sampling locations throughout the City, and daily samples are taken citywide. Additionally, DEP has a robust corrosion control program that significantly reduces the likelihood of lead leaching into drinking water, and DEP's Compliance Lead Monitoring Program results comply with U.S. EPA Lead and Copper Rule metrics.

Lead testing is available to City residents via the Free Residential Lead Testing Program. To participate, residents can call 311 or go online to request a free kit. Using the kit, the resident takes water samples and sends them directly to the lab for testing. The data from the samples is submitted to water quality regulators, and the results are shared with the resident.



ROLE OF WATER AND WASTEWATER RATES

DEP and the Water Board seek to increase water and wastewater rates in line with increases to the costs they incur in running the City's water and wastewater system. The major categories of costs incurred include personnel expenses, energy and chemical costs, property taxes on landholdings outside of the City, and interest and principal costs on debt issued by the system. In recent years, the rate increases have been in the low single digit percentage range, and there have been several years without any rate increase implemented. DEP and the Water Board's need to seek rate increases also depends on the system's overall revenue picture.

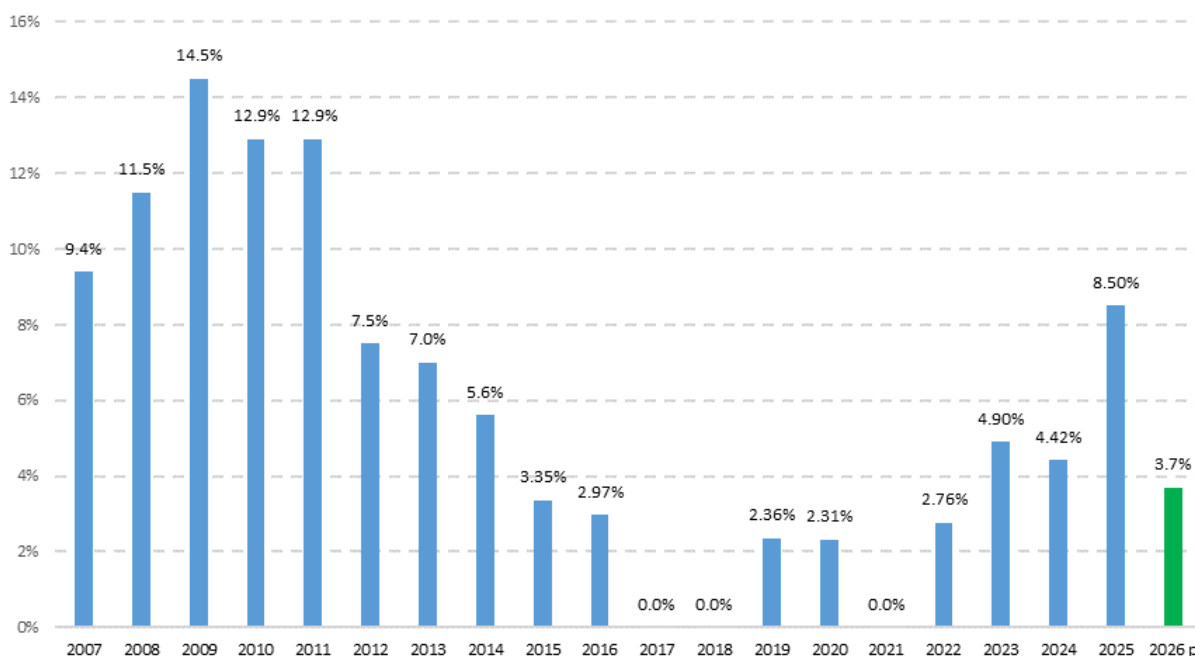
DEP and the Board's budgets tend to increase over time, as the general level of costs increase, and the system's capital budget grows, driven by the upgrading or replacement of aging system infrastructure assets, the need to hire and train new personnel, new technologies, and regulatory requirements, among other factors. DEP is currently implementing its largest-ever capital construction plan, which supports an ambitious combination of state of good repair, new construction, sustainability, and energy efficiency projects.

RATE PROPOSAL - HIGHLIGHTS

(PROPOSED RATES EFFECTIVE 7/1/2025)

- ▶ Careful financial management has placed the system in a strong financial position, allowing it to take a forward-looking approach with a moderate 3.7% proposed rate increase.
- ▶ FY25 to-date represents one of the highest revenue performances in the system's history, driven by a wide portfolio of enforcement initiatives including the lien sale.
- ▶ Strong financing and cash reserve management helped to partially mitigate higher operating and borrowing costs.
- ▶ The proposed rate change will maintain the system's strong financial condition, while supporting a program of investment and growth.
- ▶ New investments support the agency's long-run vision and approach to asset management.
- ▶ Higher projected capital spending due to the growing size of the agency's capital investment plan.
- ▶ Projected increases to operating and expense items, due to higher costs from vendors and higher personnel compensation costs.

WATER AND SEWER RATE HISTORY (PERCENT CHANGE)



ANNUAL WATER AND WASTEWATER CHARGES	Current FY 2025 Rates	With a 3.7% Rate Increase	Annual Increase
Average Single-Family Charge (70,000 gallons per year)	\$1,181	\$1,224	\$43
Average Multi-family Metered Charge (52,000 gallons per year)	\$877	\$909	\$32
Minimum Charged Properties (using less than 90 gallons per day)	\$463	\$463	\$0.00
Multi-family Conservation Program (Per Residential Unit)	\$1,285	\$1,333	\$48

CAPITAL IMPROVEMENT PLAN FOR WATER AND WASTEWATER SYSTEM

- A \$3 billion capital plan expansion approved during Fiscal Year 2025 included several significant capital construction additions to the budget:
 - \$3.2 billion of new Newtown Creek funding and \$253 million for work involving the Gowanus canal
 - \$238 million for state of good repair work on system wastewater facilities
 - \$31 million for pumping station resiliency
 - \$40 million for Montebellier cloudburst work
 - \$86 million for wastewater system work involving the Jamaica neighborhood rezoning

CAPITAL IMPROVEMENT PROGRAM FISCAL YEARS 2026 - 2035	DOLLARS IN BILLIONS
Sewers	\$8.9
Water pollution control	\$14.0
Water distribution	\$7.0
Water supply and transmission	\$2.2
Equipment	\$1.2
Total	\$33.3

EXPENSE BUDGET FOR WATER AND WASTEWATER OPERATING AND MAINTENANCE EXPENSES

- The projected \$2 billion operations and maintenance budget for Fiscal Year 2026 includes several important funding additions:
 - Wastewater treatment facility operational, compliance, and state of good repair requirements
 - Increased biosolids removal
 - Rondout-West Branch O&M funds for repair work and water quality programs
 - Cybersecurity and operational efficiency-related technology investments
 - Price increase in water supply treatment chemicals and priority operational needs
 - Catskill-Delaware watershed Federal Filtration Avoidance Determination compliance

\$26 MILLION OF FISCAL YEAR 2026 CUSTOMER AFFORDABILITY PROGRAMS

Low-income homeowners (HWAP - Home Water Assistance Program)	<ul style="list-style-type: none"> Eligible low-income owner-occupied residences are eligible to receive a \$145 bill credit per year covering 96,500 recipients Proposed rates for FY 2026 include an expansion of the credit by almost 10% to \$159
Affordable apartments (MWAP: Multi-family Water Assistance Program)	<ul style="list-style-type: none"> Eligible affordable rental apartments can receive \$250 per apartment credit / year Baseline goal of 48,000 apartments to be extended to cover up to 65,000 apartments
Multi-family rate certainty	<ul style="list-style-type: none"> Apartment buildings with meters and water efficiency fixtures can receive a guaranteed Multi-family rate full-year per apartment unit rate Requires customer to prepay their annual bill at the start of the year
Leak Forgiveness Program	<ul style="list-style-type: none"> Customers experiencing unusual and above-normal levels of water consumption who detect and repair the leak can obtain a 50% reduction to the cost of the leak

TYPICAL ANNUAL RESIDENTIAL WATER CHARGES

Residential use charges will remain lower than in other large cities

Based on 70k gallons per year

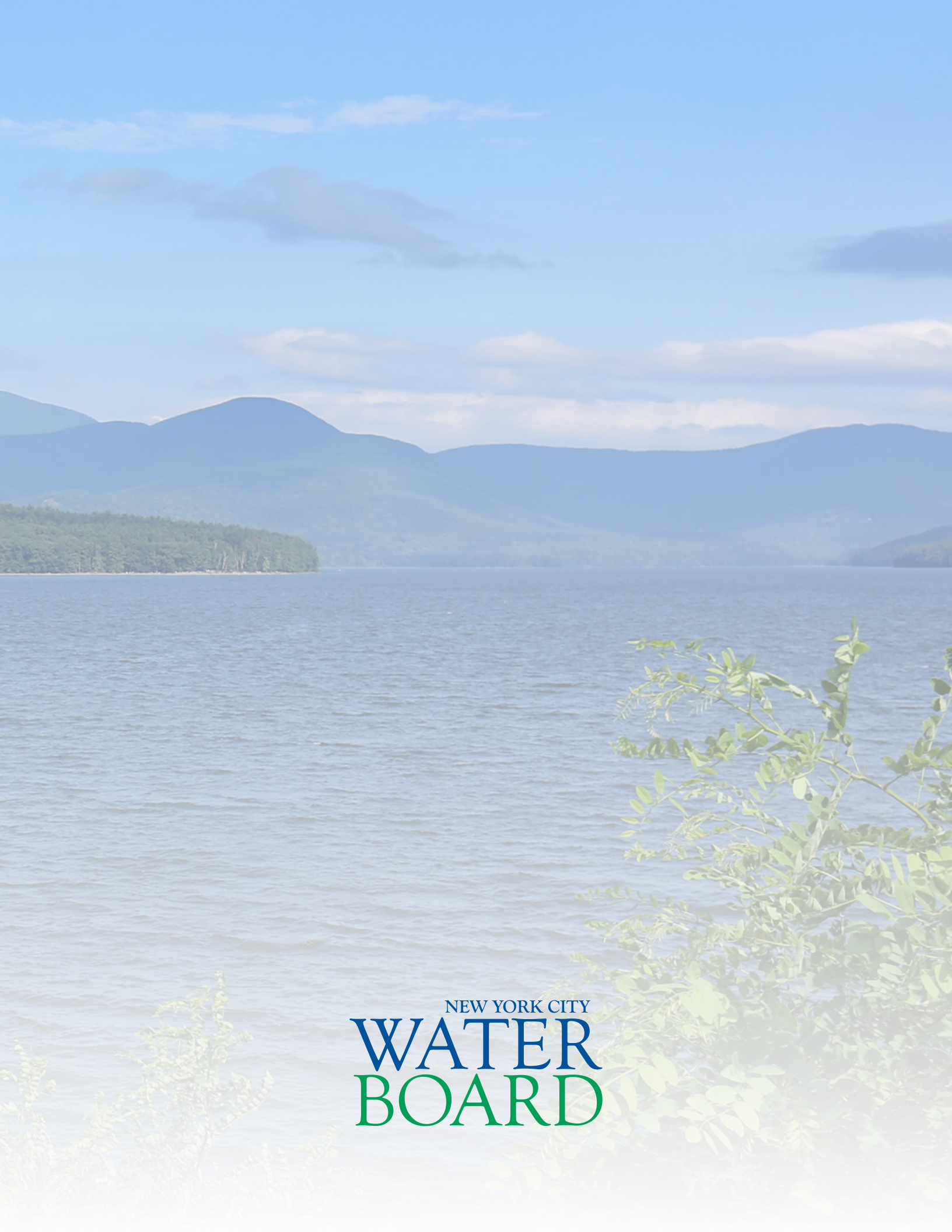
	New York City	30 Large City Average ¹	NYC vs. Average
2019	\$945	\$1,119	-15.5%
2020	\$967	\$1,173	-17.6%
2021	\$967	\$1,216	-20.5%
2022	\$994	\$1,262	-21.2%
2023	\$1,041	\$1,309	-20.5%
2024	\$1,088	\$1,372	-20.7%
2025	\$1,181	\$1,451	-18.6%
2026	\$1,224	-	-

Note 1: based on rates in effect as of February of each calendar year, using rates in effect during each fiscal year to calculate representative charges

PROJECTED SYSTEM REVENUES AND EXPENSES (\$ MILLIONS)

	2025	2026
REVENUES		
Operating Revenues		
Receipts from Customers Located in New York City	\$4,457	\$4,475
Upstate Revenue	94	99
Miscellaneous Revenue	24	25
Other Revenues		
Interest on Funds	43	37
Federal Subsidy on Outstanding Build America Bonds	45	45
Projected Total Revenues	\$4,664	\$4,681
EXPENSES		
Schedule of Forecast Debt Service		
Outstanding First Resolution Bonds	17	17
Anticipated New First Resolution Bonds	0	0
Outstanding Second Resolution Bonds issued to the Public	1,475	1,517
Anticipated Future Second Resolution Bonds issued to the Public	22	121
Interest Payments on Commercial Paper Notes	9	17
Outstanding Second Resolution Bonds issued to the Environmental Facilities Corp. ("EFC")	545	476
Anticipated Second Resolution Bonds issued to the Public	9	31
Less: EFC Subsidy and Capitalized Interest	(105)	(105)
Forecast Debt Service for Current and Upcoming Year	1,971	2,073
Offset in Part by Prior Year Revenues for Current Year Debt	(1,834)	(1,905)
Forecast Net Debt Service for Current Year Debt	137	168
Operating Expenses		
Municipal Water Finance Authority Operations	54	56
Water Board Operations	70	75
Water System Component	829	807
Wastewater System Component	1,100	1,221
Allocated Central and Shared Expenses	10	10
Central Allocations for Legal Expenses and Settlements	8	8
Net Operating Expenses	2,070	2,177
Plus (Minus) Other Expenses Adjustments:		
Prior Year O&M Adjustments for Over (Under) Spending	(74)	0
Incremental Deposits to Water Board O&M Reserve Fund	12	12
Rental Payments for System Assets Request by the City	289	304
Cash Released from Escrow	0	0
PAYGO or Debt Structuring Transactions	325	225
Total Net Debt Service, Operating and Other Expenses	2,759	2,887
Projected Balance at Year-End for Next Year Debt Service	1,905	1,795
Ratio of Revenues to First Resolution Debt Service	278.5x	279.5x
Ratio of Revenues Net of Authority Operations to Total Net Debt Service	33.6x	27.5x

Note: This listing is for information only and does not necessarily follow the system's Financing Agreement..



NEW YORK CITY
WATER
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